

HOUSE BILL 454

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R4

2003 Regular Session
3r1536
CF 3r2105

By: **Delegate Barve**
Introduced and read first time: February 5, 2003
Assigned to: Environmental Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 21, 2003

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws - Dealer Processing and Freight Charges - ~~Standards and~~**
3 **Requirements**

4 FOR the purpose of increasing to a certain amount the maximum dealer processing
5 charge for a vehicle sale; requiring a dealer processing charge to be reasonable
6 and to reflect certain expenses; expanding the scope of dealer processing charges
7 to include charges for certain services; requiring a dealer on request to provide a
8 written disclosure of services included in a dealer processing charge; creating a
9 certain exception to the requirement that the dealer processing charge be
10 included in the advertised price of a vehicle; altering a certain definition;
11 requiring certain disclosure of a freight charge for a vehicle sale; repealing the
12 requirement that a certain disclosure be preprinted on a contract for sale for a
13 vehicle; and generally relating to dealer processing and freight charges for
14 vehicles.

15 BY repealing and reenacting, with amendments,
16 Article - Transportation
17 Section 15-311.1
18 Annotated Code of Maryland
19 (2002 Replacement Volume)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Transportation

2 15-311.1.

3 (a) (1) In this section, "dealer processing charge" includes an amount
4 charged by a dealer for:

- 5 (i) The preparation of written documentation of the transaction;
- 6 (ii) Obtaining the title and license plates for the vehicle;
- 7 (iii) Obtaining a release of lien;
- 8 (iv) Filing title documents with the Administration; [or]
- 9 (v) RETAINING DOCUMENTATION AND RECORDS OF THE
10 TRANSACTION;
- 11 (VI) COMPLYING WITH FEDERAL OR STATE PRIVACY LAWS; OR
- 12 (VII) Other administrative services concerning the sale of the vehicle.

13 (2) "Dealer processing charge" does not include a charge to purchase or
14 install tangible personal property on or in the vehicle, or to perform mechanical
15 service on the vehicle.

16 (b) (1) If a dealer charges a dealer processing charge, the charge [may not
17 exceed \$25]:

- 18 (I) SHALL BE REASONABLE;
- 19 (II) MAY NOT EXCEED \$100; AND
- 20 (III) SHALL REFLECT DEALER EXPENSES GENERALLY INCURRED
21 FOR THE SERVICES IDENTIFIED IN SUBSECTION (A)(1) OF THIS SECTION.

22 (2) A DEALER SHALL PROVIDE A WRITTEN DISCLOSURE OF THE
23 SERVICES INCLUDED IN THE DEALER PROCESSING CHARGE ON REQUEST BY THE
24 PURCHASER.

25 (c) Any dealer processing charge OR FREIGHT CHARGE shall be disclosed to a
26 purchaser as provided in this section.

27 (d) A contract for the sale of a vehicle shall contain a statement, in 12 point
28 type or larger, [preprinted] on the contract form as follows:

29 "Dealer processing charge (not required by law): \$....".

30 "FREIGHT CHARGE (NOT REQUIRED BY LAW): \$....".

1 (e) If a dealer advertises the price of a vehicle, the amount of ~~the~~ ANY dealer
2 processing charge AND FREIGHT CHARGE shall be included in the advertised price
3 UNLESS THE DEALER CLEARLY AND CONSPICUOUSLY DISCLOSES THE AMOUNT OF
4 THE DEALER PROCESSING CHARGE AND FREIGHT CHARGE IN AT LEAST 10 POINT
5 AND BOLD FONT ON THE ADVERTISEMENT WITHIN REASONABLE PROXIMITY TO THE
6 ADVERTISED PRICE.

7 (f) (1) The dealer shall attach its price statement to a window of the vehicle,
8 next to any other price disclosure required by law.

9 (2) The dealer's price statement shall state the total price for which the
10 dealer is offering to sell the vehicle.

11 (3) The total price stated shall include ~~any~~:

12 (I) ANY dealer processing charge, which shall be disclosed above
13 the total price in at least 10 point type as "dealer processing charge (not required by
14 law): \$.....". ~~The~~; AND

15 (II) ANY FREIGHT CHARGE, WHICH SHALL BE DISCLOSED ABOVE
16 THE TOTAL PRICE IN AT LEAST 10 POINT TYPE AS "FREIGHT CHARGE (NOT REQUIRED
17 BY LAW): \$.....".

18 (4) THE total price may exclude only the taxes and title fees payable to
19 the State.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2003.